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State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

MARY ANN WRIGHT
Acting Division Director

April 27, 2005

*Project not
going forward*

Mountain America Credit Union
1962 West 12600 South
Riverton, Utah 84065
Phone: (801) 446-0118

Attention: Carrie Crawford, Financial Services Representative

Subject: Reclamation Surety, Certificate of Deposit for Lone Star Mining Exploration & Development, LLC's Mickey Project, Mine Site, S/001/062, Beaver County, Utah
Certificate of Deposit no. _____; Principal Amount \$17,000.

This letter describes the mutually agreed upon instructions of the below signed parties to Mountain America Credit Union ("Bank"), regarding the control, redemption, and release of Bank's above-described certificate of deposit ("CD"), which is being used as a surety to guarantee the availability of reclamation funds for the Mickey Project mine site ("Mine Site"), Beaver County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$17,000 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining ("Division") and the United States Department of Interior, Bureau of Land Management ("USDOI-BLM") upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

Ownership and Renewal:

Ownership of the CD is retained by Sandy Nell, an individual ("Owners"), but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and USDOI-BLM and is subject to the terms and conditions described in this agreement. The CD shall automatically renew indefinitely until either redeemed or released by both the Director of the Division and the authorized officer of USDOI-BLM.

Redemption:

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of both the Director of the Utah Division of Oil, Gas & Mining and the authorized officer of USDOIBLM to the Bank. Upon the instruction and demand of the Director and authorized officer of USDOIBLM, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil, Gas and Mining. Owners agree and irrevocably instruct Bank that neither the Owner(s), nor any other person claiming an ownership interest in the CD which is derived from the Owners, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners' control, or if Owners do not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division and the authorized officer of USDOIBLM may redeem the CD.

Release:

The bank shall release the CD only upon the written instruction of both the Director of the Division and the authorized officer of USDOIBLM to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owners, or their legal successors-in-interest.

Accrued Interest:

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$17,000. All tax liabilities for accrued interest shall remain the sole responsibility of the Owners.

Bank will not be held liable for any dispute between the parties.

Agreed Upon By:

Mary Ann Wright, Acting Director
Utah Division of Oil, Gas & Mining

Date: _____

Sandy Nell, Owner
Lone Star Mining Exploration & Development, LLC
Tax ID Number: 528-82-5096

Date: _____

Carrie Crawford, Financial Services Representative
Mountain America Credit Union

Date: _____

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